

REDFIELD SCHOOL DISTRICT NO. 56-4

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

JUNE 30, 2009

HARRINGTON & ASSOCIATES, LTD.
CERTIFIED PUBLIC ACCOUNTANT

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2009

Board Members:

Darvin Dickhaut - Board President
Heather Jordan - Vice President
Dawn Baird
Steve Nuhsbaumer
Jay Esser

Superintendent:

Randy Joyce

Business Manager:

Marilyn Hodges

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

School Board
Redfield School District No. 56-4
Spink County, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota, as of June 30, 2009 and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning the performing our audit, we considered Redfield School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redfield School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the Redfield School District No. 56-4, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §.320, this report is a matter of public record and its distribution is not limited.

Hawington & Associates, STB.

Huron, South Dakota

January 12, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

School Board
Redfield School District No. 56-4
Spink County, South Dakota

Compliance

We have audited the compliance of the Redfield School District No. 56-4, South Dakota with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, Redfield School District No. 56-4, South Dakota complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over

compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, which results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, the governing board and management of the Redfield School District No. 56-4, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §__.320, this report is a matter of public record and its distribution is not limited.

Hawington & Associates, JTD

Huron, South Dakota

January 12, 2010

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

PRIOR OTHER AUDIT FINDINGS:

The prior audit report contained no written audit comments.

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

 Material weakness(es) identified? _____ yes X no

 Significant deficiencies identified
 not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

 Material weakness(es) identified? _____ yes X no

 Significant deficiencies identified
 not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance
 for major programs: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a) _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants
84.181	Special Education Grants for Infants and Families with Disabilities
84.367	Improving Teacher Quality State Grants
84.394	ARRA State Fiscal Stabilization Funds Grant

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS (CONT'D)

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk Auditee?

_____ yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were noted.

CLOSING CONFERENCE

The closing conference was held on January 12, 2010, with Marilyn Hodges, Business Manager.

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INDEPENDENT AUDITOR'S REPORT

School Board
Redfield School District No. 56-4
Spink County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, Spink County, South Dakota, as of June 30, 2009, and for the year then ended, which collectively comprise Redfield School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Redfield School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2010, on our consideration of Redfield School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and Budgetary Comparison Schedule on pages 10 through 19 and 57 through 61, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hawington & Associates, LTD.

Huron, South Dakota
January 12, 2010

REDFIELD SCHOOL DISTRICT NO. 56-4 MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Redfield School District 56-4 annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2009. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$35,522 less than the \$5,717,965 governmental and business-type program expenditures.
- The total cost of the School's programs increased by approximately 6.9%, which was primarily due to controlling the operation and maintenance of supply expenses.
- The general fund reported a \$398,820 current year decrease in fund balances primarily due to a decrease in tax and interest revenues and increases in instruction and operation expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service Operation and an Internal Service Fund.
 - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1

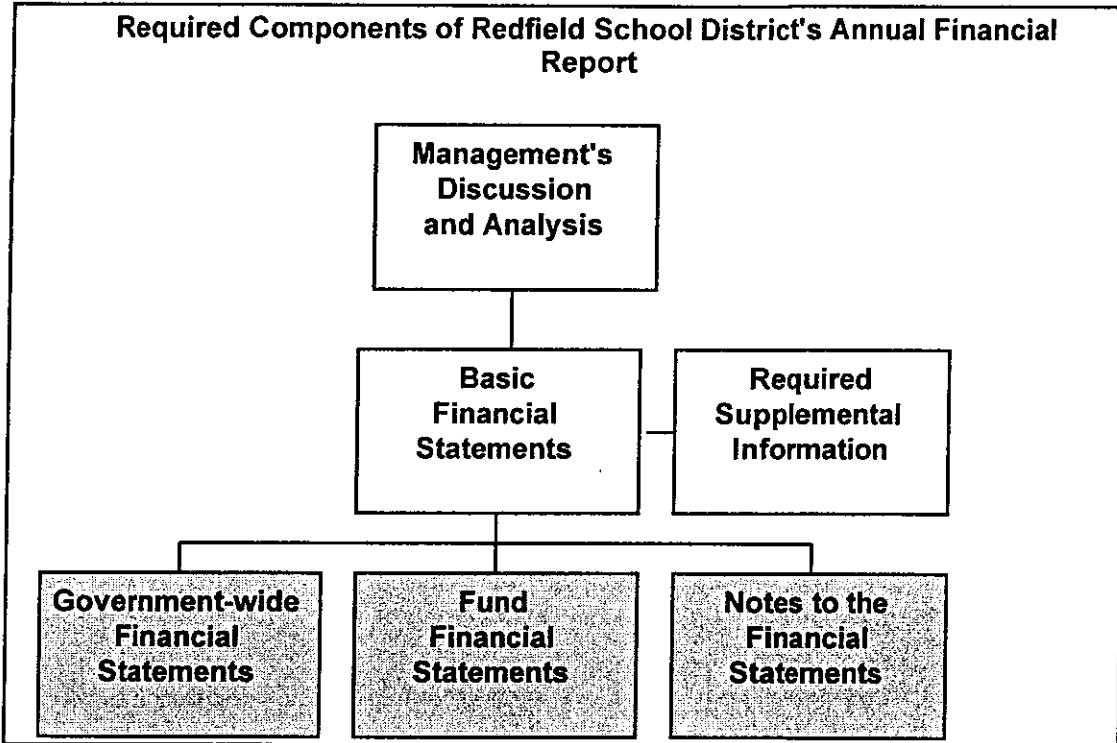


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-2

Major Features of Redfield School's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Assets *Statement of Cash Flows	*Statement of Fiduciary Net Assets *Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

- Increases or decreases in the School's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School there is a need to consider additional nonfinancial factors such as changes in the district's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the School are reported in two categories:

- **Governmental Activities** - This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes.

The School has three kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- **Proprietary Funds** – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Fund and the Internal Service Fund are the only proprietary funds maintained by the School.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Assets

The School's combined net assets increased as follows:

**Table A-1
Redfield School District 56-4
Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Current and Other Assets	\$ 3,707,280	\$ 3,871,739	\$ (15,501)	\$ 1,987	\$ 3,691,779	\$ 3,873,726
Capital Assets	1,135,950	3,270,746	117,556	108,513	1,253,506	3,379,259
Total Assets	\$ 4,843,230	\$ 7,142,485	\$ 102,055	\$ 110,500	\$ 4,945,285	\$ 7,252,985
Long-Term Debt						
Outstanding	\$ 734,092	\$ 3,059,664	\$ –	\$ –	\$ 734,092	\$ 3,059,664
Other Liabilities	453,828	568,874	2,183	7,998	456,011	576,872
Total Liabilities	1,187,920	3,625,538	2,183	7,998	1,190,103	3,636,536
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	489,905	247,841	--	--	489,905	247,841
Restricted	1,038,238	1,373,852	99,872	102,502	1,138,110	1,476,354
Unrestricted	2,127,167	1,892,254	--	--	2,127,167	1,892,254
Total Net Assets	\$ 3,655,310	\$ 3,513,947	\$ 99,872	\$ 102,502	\$ 3,755,182	\$ 3,616,449
Beginning Net Assets	\$ 3,811,313	\$ 3,655,310	\$ 125,687	\$ 99,872	\$ 3,937,000	\$ 3,755,182
Increase (Decrease) in						
Net Assets	\$ (156,003)	\$ (141,363)	\$ (25,815)	\$ 2,630	\$ (181,818)	\$ (138,733)
Percentage of Increase						
(Decrease) in Net Assets	(4.1%)	(3.9%)	(20.5%)	2.6%	(4.6%)	(3.8%)

The district's combined net assets of approximately \$3.7 million are approximately \$139,000 or 3.8% smaller than on June 30, 2008. The decrease in the district's financial position came mostly from its governmental activities.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of bonds payable, capital lease purchase payables, and compensated absences payable, have been reported in this manner on the Statement of Net Assets. The difference between the school's assets and liabilities is its net assets.

Changes in Net Assets

The district's total revenues (excluding extraordinary items and transfers) totaled \$5,682,443. (See Table A-4.) This was approximately a 9.9% increase. Approximately 36% of the district's revenue comes from property and other taxes, with another 45% from state aid. (See Table A-2)

**Table A-2
Redfield School District 56-4
Sources of Revenues
Fiscal Year 2008-2009**

Taxes	\$ 2,064,007	36.32%
State Sources	2,567,861	45.19%
Operating Grants & Contributions	665,365	11.71%
Charges for Services	214,987	3.78%
Miscellaneous	154,106	2.71%
Unrestricted Investment Earnings	<u>16,117</u>	<u>.29%</u>
Total Revenue	<u>\$ 5,682,443</u>	<u>100.00%</u>

The total cost of all programs and service was virtually unchanged. The district's total expenses totaled \$5,717,965. (See Table A-4.) This was approximately a 6.9% increase. The School's expenses cover a range of services, encompassing instruction, support services and food services. (See Table A-3)

**Table A-3
Redfield School District 56-4
Statement of Expenditures
Fiscal Year 2008-2009**

Instruction	\$ 3,358,378	58.73%
Support Services	1,952,444	34.15%
Interest on Long Term Debt	44,801	.78%
Cocurricular Activities	155,381	2.72%
Food Service	<u>206,961</u>	<u>3.62%</u>
Total Expenditures	<u>\$ 5,717,965</u>	<u>100.00%</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENTAL ACTIVITIES

Table A-4 and the narrative that follows considers the operations of the governmental and business-type activities.

	Total Governmental Activities		Total Business-Type Activities		Total		Total Percentage Change
	2008	2009	2008	2009	2008	2009	
Revenues							
Program Revenues							
Charges for Services	\$ 52,236	\$ 93,775	\$ 100,030	\$ 121,212	\$ 152,266	\$ 214,987	41.2%
Operating Grants and Contributions	482,838	590,826	72,599	74,539	555,437	665,365	19.8%
General Revenues							
Taxes	1,694,378	2,064,007	-	-	1,694,378	2,064,007	21.8%
Revenue State Sources	2,584,133	2,567,861	1,445	-	2,585,578	2,567,861	-0.7%
Other General Revenues	108,730	154,106	-	-	108,730	154,106	41.7%
Unrestricted Investment Earnings	72,797	16,117	-	-	72,797	16,117	-77.9%
Total Revenues	4,995,112	5,486,692	174,074	196,751	5,169,186	5,682,443	9.9%
Expenses							
Instruction	3,133,829	3,358,378	-	-	3,133,829	3,358,378	7.2%
Support Services	1,822,559	1,952,444	-	-	1,822,559	1,952,444	7.1%
Interest on Long Term Debt	30,920	44,801	-	-	30,920	44,801	44.9%
Cocurricular Activities	163,807	155,381	-	-	163,807	155,381	-5.1%
Food Service/Concessions	-	-	199,889	206,961	199,889	206,961	3.5%
Total Expenses	5,151,115	5,511,004	199,889	206,961	5,351,004	5,717,965	6.9%
Deficiency Before Transfers	(156,003)	(24,312)	(25,815)	(11,210)	(181,818)	(35,522)	-80.5%
Transfers	-	(13,840)	-	13,840	-	-	-100.0%
Adjustment to Beginning Net Assets	-	(103,211)	-	-	-	(103,211)	
Increase (Decrease) in Net Assets	\$ (156,003)	\$ (141,363)	\$ (25,815)	\$ 2,630	\$ (181,818)	\$ (138,733)	-23.7%
Ending Net Assets	\$ 3,655,310	\$ 3,513,947	\$ 99,872	\$ 102,502	\$ 3,755,182	\$ 3,616,449	-3.7%

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Revenues for the School's governmental activities increased 9.9% while expenses for governmental activities increased by approximately 6.9%. The most remarkable increase in revenue is a 22% increase in taxes due to taxes receivable being higher in FY09 than they were in FY08 which impacts taxes presented on the Statement of Activities. The percentage increase in expenses was a result of increases in instruction and operation expenses.

BUSINESS-TYPE ACTIVITIES

- Net assets of the School's business-type activities increased by approximately \$2,600. This increase was mainly an operating transfer from General Fund to Food Service Fund to cover the shortfall of revenues over expenses. Reasons for the increase in expenses can be attributed in part to the increased costs of food and supplies.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The Capital Outlay Fund and the Pension Fund had increases in net assets. Capital Outlay's increase is due mainly to receiving approximately \$102,000 more in taxes in FY09 than in FY08. Pension Fund's increase is slight and this was mainly due to controlling expenditures throughout the year. The General Fund and Special Education Fund had approximately a 27.7% and 29.3% decrease in net assets, respectively. In the General Fund, this decrease was mainly due to receiving less in taxes and investment earnings and spending more in instruction and operations. In the Special Education Fund, this decrease was mainly due to spending more in salaries and purchased services.

BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

There were budget changes for the year due to needing additional funding for general operating expenses in the General Fund.

CAPITAL ASSET ADMINISTRATION

By the end of 2009, the district had invested \$3,379,259 in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) There was a 270.2% increase in net capital assets for the governmental activities. This was mainly due to the school entering into two capital lease purchase agreements totaling \$1,989,357 to implement energy management upgrades to the school. There was a 7.7% decrease in the business-type activities capital assets due to the natural increase of accumulated depreciation.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table A-5
REDFIELD SCHOOL DISTRICT 56-4 - Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities	
	2008	2009	2008	2009
Land	\$ 113,900	\$ 113,900	\$ --	\$ --
Land Improvements	44,079	44,867	--	--
Buildings	550,219	2,490,142	--	--
Machinery and Equipment	427,752	621,837	117,556	108,513
Total Capital Assets (Net)	1,135,950	\$ 3,270,746	\$ 117,556	\$ 108,513

This year's major capital asset purchases were improvements to the buildings including two capital lease purchase agreements to upgrade the buildings for energy management, sidewalks, bleachers, a lift, a wrestling mat, promethean boards, a water heater, a mower, and a bus.

LONG-TERM DEBT

At year-end the School had \$2,717,502 in long-term obligations. This balance includes Qualified Zone Academy Bonds payable, capital lease/purchase payables, and accrued sick leave payable. See individual balances as shown on Table A-6 below.

**Table A-6
REDFIELD SCHOOL DISTRICT 56-4 - Outstanding Debt and Obligations**

	Governmental Activities		Total Dollar Percentage Change	Total Change
	2008	2009	2008-2009	2008-2009
Bonds Payable	\$ 268,768	\$ 482,839	\$ 214,071	79.65%
Capital Acquisition Leases	377,278	2,197,904	1,820,626	482.57%
Early Retirement	52,931	--	(52,931)	(100.00%)
Compensated Absences	35,115	36,759	1,644	4.68%
Total Outstanding Debt and Obligations	\$ 734,092	\$ 2,717,502	\$ 1,983,410	270.19%

The School is liable for the repayment of Qualified Zone Academy Bonds, capital lease/purchase agreements, and accrued sick leave payable to the various employees who have five consecutive years or more of employment at the School District. The School District also has an early retirement benefit for any teacher or administrator who has been employed by the School District for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. The School District did not have any early retirement payables at the end of FY09.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School's current economic position has shown little change. The School did not experience a change in total property valuation from the prior year. The total amount which can be levied is limited by the State of South Dakota.

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal \$4.655 per pupil. The allocation for the next year has been increased by 3%, however the school has experienced a reduction of approximately 5 students average daily membership (ADM) each year. This reduction in ADM will result in the school receiving less overall revenue from the State of South Dakota even with the increase in the allocation. The School is currently reviewing the budget to determine possible cuts.

The school's enrollment for the last two years has been as follow:

**Table A-6, Redfield School District ADM
For the Last Two Years**

<u>YEAR</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2009	601	(.8%)
2008	606	(1.1%)

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Redfield School's Business Office, PO Box 560, Redfield, SD 57469-0560.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF NET ASSETS
JUNE 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and Cash Equivalents	\$ 2,771,289	\$ -	\$ 2,771,289
Incidental Imprest Account	3,000	-	3,000
Taxes Receivable	999,198	-	999,198
Inventories	-	1,987	1,987
Other Assets	83,895	-	83,895
Restricted Assets:			
Cash and Cash Equivalents	14,357	-	14,357
Capital Assets:			
Land	113,900	-	113,900
Other Capital Assets, Net of Depreciation	3,156,846	108,513	3,265,359
TOTAL ASSETS	\$ 7,142,485	\$ 110,500	\$ 7,252,985
LIABILITIES:			
Other Current Liabilities	\$ 568,874	\$ 7,998	\$ 576,872
Noncurrent Liabilities:			
Due Within One Year	193,890	-	193,890
Due in More than One Year	2,865,774	-	2,865,774
TOTAL LIABILITIES	3,628,538	7,998	3,636,536
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	247,841	-	247,841
Restricted for:			
Capital Outlay	749,411	-	749,411
Special Education	312,196	-	312,196
Pension	73,294	-	73,294
Debt Service	238,951	-	238,951
Food Service	-	102,502	102,502
Unrestricted	1,892,254	-	1,892,254
TOTAL NET ASSETS	3,513,947	102,502	3,616,449
TOTAL LIABILITIES AND NET ASSETS	\$ 7,142,485	\$ 110,500	\$ 7,252,985

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	
Primary Government:			
Governmental Activities:			
Instruction	\$ 3,358,378	\$	2,600
Support Services	1,952,444		52,396
* Interest on Long-Term Debt	44,801		-
Cocurricular Activities	155,381		38,779
Total Governmental Activities	5,511,004		93,775
Business-Type Activities			
Food Service	206,961		121,212
Total Business-Type Activities	206,961		121,212
Total Primary Government	\$ 5,717,965	\$	214,987

* The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The accompanying notes are an integral part of these financial statements.

PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		PRIMARY GOVERNMENT		TOTAL
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES			
\$ 590,826	\$ -	\$ (2,764,952)	\$ -	\$ (2,764,952)		
-	-	(1,900,048)	-	(1,900,048)		
-	-	(44,801)	-	(44,801)		
-	-	(116,602)	-	(116,602)		
590,826	-	(4,826,403)	-	(4,826,403)		
74,539	-	-	(11,210)	(11,210)		
74,539	-	-	(11,210)	(11,210)		
\$ 665,365	\$ -	\$ (4,826,403)	\$ (11,210)	\$ (4,837,613)		

GENERAL REVENUES:

Taxes:				
Property Taxes	\$ 2,018,190	\$ -	\$ 2,018,190	
Gross Receipts Taxes	45,817	-	45,817	
Revenue from State Sources:				
State Aid	2,567,861	-	2,567,861	
Unrestricted Investment Earnings	16,117	-	16,117	
Other General Revenues	154,106	-	154,106	
Transfers	(13,840)	13,840	-	
Total General Revenues and Transfers	4,788,251	13,840	4,802,091	
Change in Net Assets	(38,152)	2,630	(35,522)	
Net Assets-Beginning	3,655,310	99,872	3,755,182	
Adjustments (See Note 11)	(103,211)	-	(103,211)	
Adjusted Net Assets-Beginning	3,552,099	99,872	3,651,971	
Net Assets-Ending	\$ 3,513,947	\$ 102,502	\$ 3,616,449	

REDFIELD SCHOOL DISTRICT NO. 56-4
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
ASSETS:			
Cash and Cash Equivalents	\$ 1,377,684	\$ 675,391	\$ 414,202
Taxes Receivable--Current	445,536	364,735	145,865
Taxes Receivable--Delinquent	3,850	1,872	727
Due from Other Governments	77,263	-	6,632
Advance Payments	3,000	-	-
TOTAL ASSETS	\$ 1,907,333	\$ 1,041,998	\$ 567,426
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 1,395	\$ 8,609	\$ 7,940
Contracts Payable	331,901	-	109,236
Payroll Deductions and Withholding and Employer Matching Payable	85,318	-	24,475
Deferred Revenue	449,386	366,607	146,592
Total Liabilities	868,000	375,216	288,243
Fund Balances:			
Unreserved Fund Balances:			
Designated for Cash Flow	414,525	4,000	48,730
Undesignated	624,808	662,782	230,453
Total Fund Balances	1,039,333	666,782	279,183
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,907,333	\$ 1,041,998	\$ 567,426

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$ 2,289,310
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	The cost of capital assets are Accumulated depreciation is Net	6,760,458 <u>(3,489,712)</u>	3,270,746
Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.	Accrued leave payable Bonds Payable Capital Lease/Purchase Agreements Net	(36,760) (825,000) <u>(2,197,904)</u>	(3,059,664)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	General Fund receivable General Fund delinquent Net	445,536 <u>3,850</u>	449,386
	Capital Outlay Fund receivable Capital Outlay Fund delinquent Net	364,735 <u>1,872</u>	366,607
	Special Education fund receivable Special Education fund delinquent Net	145,865 <u>727</u>	146,592
	Pension fund receivable Pension fund delinquent Net	36,462 <u>151</u>	36,613
An internal service fund is used by the District's management to charge the costs of unemployment claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.			<u>14,357</u>

Net Assets-Governmental Funds	\$ <u>3,513,947</u>
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The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
Revenues:			
Revenue from Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 824,862	\$ 656,521	\$ 262,647
Prior Years' Ad Valorem Taxes	7,317	3,167	1,305
Gross Receipts Taxes	45,817	-	-
Penalties and Interest on Taxes	2,683	1,471	622
Tuition and Fees:			
Regular Day School Tuition	2,600	-	-
Earnings on Investments and Deposits	8,864	4,190	2,579
Cocurricular Activities:			
Admissions	30,902	-	-
Rentals	1,927	-	-
Other Activity Income	5,950	-	-
Other Revenue from Local Sources:			
Rentals	4,825	3,334	-
Charges for Services	31,696	-	20,700
Other	56,453	6,110	173
Revenue from Intermediate Sources:			
County Sources:			
County Apportionment	31,388	-	-
Revenue in Lieu of Taxes	202	222	89
Revenue from State Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	1,981,361	-	586,500
Revenue from Federal Sources:			
Grants-in-Aid:			
Restricted Grants-in-Aid Received from Federal Government Through the State	354,582	498	194,246
Other Federal Revenue	41,500	-	-
Total Revenue	\$ 3,432,929	\$ 675,513	\$ 1,068,861

The accompanying notes are an integral part of these financial statements.

PENSION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 65,683	\$ -	\$ 1,809,713
325	-	12,114
-	-	45,817
143	-	4,919
-	-	2,600
484	-	16,117
-	-	30,902
-	-	1,927
-	-	5,950
-	-	8,159
-	-	52,396
-	-	62,736
-	-	31,388
23	-	536
-	-	2,567,861
-	-	549,326
-	-	41,500
\$ 66,658	\$ -	\$ 5,243,961

REDFIELD SCHOOL DISTRICT NO. 56-4
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$ 969,293	\$ 19,980	\$ -
High School	1,175,960	25,131	-
Special Programs:			
Programs for Special Education	-	-	827,572
Educationally Deprived	152,881	-	-
Support Services:			
Support Services - Pupils:			
Attendance and Social Work	9,278	-	-
Guidance	99,532	-	2,968
Health	33,519	-	3,624
Psychological	-	-	44,505
Support Services - Instructional Staff:			
Improvement of Instruction	29,244	-	-
Educational Media	155,685	987	-
Support Services - General Administration:			
Board of Education	45,466	-	-
Executive Administration	151,683	-	-
Support Services - School Administration:			
Office of the Principal	114,448	-	-
Other	1,898	-	-
Support Services - Business:			
Fiscal Services	101,023	-	-
Facilities Acquisition and Construction Services	-	72,553	-
Operation and Maintenance of Plant	459,312	34,002	-
Pupil Transportation	182,718	-	-
Internal Services	5,450	37,864	-
Support Services - Special Education			
Administrative Costs	-	-	161,026
Transportation Costs	-	-	7,625
Other Special Education Costs	-	-	134,869
Debt Services	-	249,460	-

The accompanying notes are an integral part of these financial statements.

PENSION FUND		OTHER GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS	
\$		\$		\$	
	52,932		-		1,042,205
	7,889		-		1,208,980
	-		-		827,572
	-		-		152,881
	-		-		9,278
	-		-		102,500
	-		-		37,143
	-		-		44,505
	-		-		29,244
	-		-		156,672
	-		-		45,466
	-		-		151,683
	-		-		114,448
	-		-		1,898
	-		-		101,023
	-		-		72,553
	-		-		493,314
	-		-		182,718
	-		-		43,314
	-		-		161,026
	-		-		7,625
	-		-		134,869
	-		-		249,460

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
Expenditures:			
Cocurricular Activities:			
Male Activities	57,622	-	-
Female Activities	32,701	-	-
Transportation	9,668	-	-
Combined Activities	37,781	-	-
Capital Outlay	-	2,341,364	-
Total Expenditures	3,825,162	2,781,341	1,182,189
Excess of Revenue Over (Under) Expenditures	(392,233)	(2,105,828)	(113,328)
Other Financing Sources (Uses):			
Transfers In	7,253	-	-
Transfers Out	(13,840)	(48,182)	(2,579)
General Long-Term Debt Issued	-	2,239,357	-
Total Other Financing Sources (Uses)	(6,587)	2,191,175	(2,579)
Net Change in Fund Balances	(398,820)	85,347	(115,907)
Fund Balance - Beginning	1,438,153	537,443	395,090
Adjustments (See Note 11)	-	-	-
Adjusted Fund Balance - Beginning	1,438,153	537,443	395,090
Fund Balance - Ending	\$ 1,039,333	\$ 622,790	\$ 279,183

The accompanying notes are an integral part of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PENSION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 65,061	\$ 238,951	\$ 2,771,289
36,462	-	992,598
151	-	6,600
-	-	83,895
-	-	3,000
<u>\$ 101,674</u>	<u>\$ 238,951</u>	<u>\$ 3,857,382</u>

\$ -	\$ -	17,944
-	-	441,137
-	-	109,793
36,613	-	999,198
<u>36,613</u>	<u>-</u>	<u>1,568,072</u>

-	-	467,255
65,061	238,951	1,822,055
65,061	238,951	2,289,310
<u>\$ 101,674</u>	<u>\$ 238,951</u>	<u>\$ 3,857,382</u>

PENSION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	57,622
-	-	32,701
-	-	9,668
-	-	37,781
-	-	2,341,364
60,821	-	7,849,513
5,837	-	(2,605,552)
-	43,992	51,245
(484)	-	(65,085)
-	-	2,239,357
(484)	43,992	2,225,517
5,353	43,992	(380,035)
59,708	-	2,430,394
-	194,959	194,959
59,708	194,959	2,625,353
\$ 65,061	\$ 238,951	\$ 2,245,318

REDFIELD SCHOOL DISTRICT NO. 56-4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Total net change in fund balances - governmental funds \$ (380,035)

Amounts reported for governmental activities in the
Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital Outlays	2,341,364	
Depreciation Expense	<u>(206,568)</u>	
Net		2,134,796

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not effect the Statement of Activities.

Qualified Zone Academy Bonds	35,929	
Capital Lease Loan	130,223	
Capital Lease Purchase Agreement	<u>38,507</u>	
Net		204,659

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements. Also a reclassification to the beginning net assets due to the increase of bonds payable and debt service from prior years.

Capital Lease Loan	(1,989,357)	
Qualified Zone Academy Bonds	(250,000)	
Reclassification of Beginning Net Assets	<u>(103,211)</u>	
		(2,342,568)

The fund financial statement government fund property tax accruals differ from the government wide statement property tax accruals in that the fund financial statements require the amounts to be "available".

Taxes - Current	992,598	
Taxes Collected:		
July - December 2008	<u>(801,154)</u>	
Net		191,444

Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.

Accured Leave	51,287
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Internal service funds are used by management to change the costs of certain activities, such as unemployment to individual funds. The net expense of the internal service fund is reported within the governmental activities.

Unemployment Expense	<u>(946)</u>
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Change in net assets of governmental activities	<u>\$ (141,363)</u>
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The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
 BALANCE SHEET
 PROPRIETARY FUNDS
 JUNE 30, 2009

	<u>ENTERPRISE FUNDS</u>	
	<u>FOOD SERVICE FUND</u>	<u>INTERNAL SERVICE FUND</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 14,357
Inventory of Stores Purchased for Resale	758	-
Inventory of Donated Food	1,229	-
Total Current Assets	1,987	14,357
Capital Assets:		
Machinery and Equipment--Local Funds	143,283	-
Less: Accumulated Depreciation	(34,770)	-
Total Noncurrent Assets	108,513	-
TOTAL ASSETS	\$ 110,500	\$ 14,357
LIABILITIES:		
Current Liabilities:		
Contracts Payable	\$ 6,923	\$ -
Payroll Deductions and Withholdings and Employer Matching Payable	1,075	-
Total Current Liabilities	7,998	-
NET ASSETS:		
Invested in Capital Assets	108,513	\$ -
Unrestricted Net Assets	(6,011)	14,357
Total Net Assets	102,502	14,357
TOTAL LIABILITIES AND NET ASSETS	\$ 110,500	\$ 14,357

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>ENTERPRISE FUNDS</u>	
	FOOD SERVICE FUND	INTERNAL SERVICE FUND
Operating Revenue:		
Sales:		
To Pupils	\$ 110,637	\$ -
To Adults	10,260	-
Miscellaneous	315	-
Total Operating Revenue	<u>121,212</u>	<u>-</u>
Operating Expenses:		
Food Service:		
Salaries	57,969	-
Employee Benefits	11,426	-
Purchased Services	4,428	-
Supplies	6,649	-
Cost of Sales - Purchased Food	105,881	-
Cost of Sales - Donated Food	10,879	-
Other	686	946
Depreciation Expense	9,043	-
Total Operating Expenses	<u>206,961</u>	<u>946</u>
Operating Loss	<u>(85,749)</u>	<u>(946)</u>
Nonoperating Revenue (Expense):		
State Sources:		
Cash Reimbursements	1,307	-
Federal Sources:		
Cash Reimbursements	63,139	-
Donated Food	10,093	-
Total Nonoperating Revenue	<u>74,539</u>	<u>-</u>
Income (Loss) Before Transfers	<u>(11,210)</u>	<u>(946)</u>
Transfers In	13,840	-
Change in Net Assets	<u>2,630</u>	<u>(946)</u>
Net Assets - Beginning	99,872	15,303
Net Assets - Ending	<u>\$ 102,502</u>	<u>\$ 14,357</u>

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	ENTERPRISE FUNDS	
	FOOD SERVICE FUND	INTERNAL SERVICE FUND
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 121,212	\$ -
Payments to Suppliers	(117,908)	-
Payments to Employees	(63,580)	(946)
Net Cash Used by Operating Activities	(60,276)	(946)
Cash Flows from Noncapital Financing Activities:		
Transfer from General Fund	13,840	
Cash Reimbursements - State	1,307	-
Cash Reimbursements - Federal	63,140	-
Reduction in Interfund Loan	(18,011)	-
Net Cash Provided by Noncapital Financing Activities	60,276	-
Net Increase in Cash and Cash Equivalents	\$ -	\$ (946)
Cash and Cash Equivalents at Beginning of Year	\$ -	\$ 15,303
Cash and Cash Equivalents at End of Year	-	14,357
Net Increase/Decrease in Cash and Cash Equivalents	\$ -	\$ (946)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (85,749)	\$ (946)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	9,043	-
Noncash Cost of Sales-Commodities	10,879	-
Change in Assets and Liabilities:		
Inventories	(263)	-
Accrued Wages Payable	5,814	-
Net Cash Used by Operating Activities	\$ (60,276)	\$ (946)
Noncash Investing, Capital and Financing Activities:		
Value of Commodities Received	\$ 10,093	\$ -

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2009

	PRIVATE-PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and Cash Equivalents	\$ 62,947	\$ 85,343
TOTAL ASSETS	<u>\$ 62,947</u>	<u>\$ 85,343</u>
LIABILITIES:		
Amounts Held for Others	\$ -	\$ 85,343
NET ASSETS		
Held in Trust for Scholarships	<u>62,947</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 62,947</u>	<u>\$ 85,343</u>

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	PRIVATE-PURPOSE TRUST FUNDS
ADDITIONS:	
Other Additions	4,515
Total Additions	4,515
DEDUCTIONS:	
Trust Deductions for Scholarships	5,901
Total Deductions	5,901
Change in Net Assets	(1,386)
NET ASSETS - BEGINNING	64,333
NET ASSETS - ENDING	\$ 62,947

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Financial Reporting Entity:

The reporting entity of Redfield School District No. 56-4, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organizations governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

The School District participates in a cooperative service unit with several other school districts. See detailed note entitled "Consortium Information" for specific disclosures. Consortiums do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the School District.

The accounting policies of the School District conform to generally accepted accounting principles as applicable to governments.

b. Basis of Presentation:

Government-wide Financial Statements: The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. These statements include the financial activities of the overall government, except for fiduciary activities.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

Governmental Funds:

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund: A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund: A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund: A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

Debt Service Funds:

Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The QZAB Fund is the only debt service fund. This fund was established to collect money in a sinking fund for payment of term bonds. The Capital Outlay fund transfers money to this fund on a yearly basis. At the end of the term, the bonds will be paid off. This is not a major fund.

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Internal Service Fund Types - are used to report activities that provide goods or services to other funds, departments, or agencies of the School District and its component units, or to other governments, on a cost-reimbursement basis. Internal Service Funds are never considered to be major funds.

Unemployment Fund - This fund accounts for unemployment self-insurance coverage provided to other departments on a cost-reimbursement basis.

Fiduciary Funds:

Fiduciary Funds are never considered to be major funds.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

Private Purpose Trust Funds - Trust funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains several private-purpose trust funds; their purposes are for scholarships and memorials.

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes, clubs and so on.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-Wide Financial Statements: In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements: In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-Wide Financial Statements: In the government-wide Statement of Net Assets and Statement of Activities, governmental, business-type and fiduciary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

c. Measurement Focus and Basis of Accounting: (cont'd)

Basis of Accounting: (cont'd)

Fund Financial Statements: All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Redfield School District 56-4, the length of that cycle is sixty days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements: In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund balances in the fund financial statements have been eliminated or reclassified, as follows:

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

d. Interfund Eliminations and Reclassifications: (cont'd)

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balance.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Fund, so that expenses are reported only in the function to which they relate.

Fund Financial Statements: Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "due from" asset accounts) are considered "available spendable resources."

e. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is actual cost. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements, Food Service Fund inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2009.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements: All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated.

Interest costs incurred during construction of capital assets are not capitalized along with other capital asset costs.

The total June 30, 2009 balance of capital assets for governmental activities includes approximately less than two percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2009 balance of capital assets for business-type activities are all valued at original cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	Straight-line	15 years
Buildings	\$ 5,000	Straight-line	30 years
Machinery & Equipment	\$ 5,000	Straight-line	8-20 years
Machinery & Equipment- Proprietary Fund	\$ 5,000	Straight-line	8-20 years

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

f. Capital Assets: (cont'd)

Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements: In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, capital lease purchase payables, early retirement benefits payable, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payment of principle and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is the accrual basis, the same in the fund statements as it is in the government-wide statements.

h. Program Revenues:

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

3. Program-specific capital grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Fund Net Assets, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Accumulated Unpaid Vacation and Sick Leave:

Annual leave is earned by the employees at varying rates and is non-cumulative. Upon termination, employees are not entitled to receive compensation for their accrued annual leave balance.

Sick leave is earned by the employees at varying rates depending on position. Upon termination, employees are entitled to receive compensation for their accrued sick leave balance, after ten years of employment, employees receive \$10 per day for their accumulated leave balance to a maximum of sixty days. The sick leave payable estimate was based on the assumption that all employees who have been in the school system for five years will be in the system for ten years.

k. Deferred Revenue:

Under the modified accrual basis of accounting, receivables, such as taxes receivable, may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

l. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. The enterprise fund has access to its cash resources on demand. Accordingly, all reported deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

m. Equity Classifications:

Government-Wide Financial Statements: Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements: Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

n. Application of Net Assets:

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

o. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost plus interest, if the account is of the add-on type.

Investments - In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices. As of June 30, 2009, the School District's investment in the South Dakota Public Fund Investment Trust (SDFIT) pool was unrated.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK: (CONT'D)

Concentrations of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. All of the School District's investments are in South Dakota Public Fund Investment Trust (SDFIT) but the SDFIT investment is not subject to concentration of credit risk due to the fact the investment is in an external investment pool.

The investments at June 30, 2009 were as follows:

	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools - SDFIT	Unrated	<u>\$146,877</u>

Investments are stated at fair value.

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2009, all of the School District's investments are in South Dakota Public Fund Investment Trust (SDFIT).

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy is to credit all income from deposits and investments to the General Fund except for

private-purpose trust funds, which retain its investment income. United States generally accepted accounting principles, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

The SDFIT is an external investment pool created for South Dakota local government investing. It is regulated by a nine-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

3. PROPERTY TAX:

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

4. DUE FROM OTHER GOVERNMENTS:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$83,895 due from various federal grants.

5. CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the fiscal year ended June 30, 2009 is as follows:

Primary Government:

	Balance			Balance
	<u>7/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/09</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 113,900	\$ --	\$ --	\$ 113,900
Capital assets, being depreciated:				
Buildings	2,721,450	2,046,897	--	4,768,347
Improvements other than Buildings	90,648	7,319	--	97,967
Machinery and Equipment	1,494,691	287,147	1,595	1,780,243
Totals	<u>4,306,789</u>	<u>2,341,363</u>	<u>1,595</u>	<u>6,646,557</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

5. CHANGES IN CAPITAL ASSETS: (CONT'D)

Less accumulated depreciation for:

Buildings	2,171,231	106,974	--	2,278,205
Improvements other than Buildings	46,569	6,531	--	53,100
Machinery and Equipment	<u>1,066,939</u>	<u>93,062</u>	<u>1,595</u>	<u>1,158,406</u>
Total Accumulated Depreciation	<u>3,284,739</u>	<u>206,567</u>	<u>1,595</u>	<u>3,489,711</u>
Total capital assets being depreciated, net	<u>1,022,050</u>	<u>2,134,796</u>	<u>--</u>	<u>3,156,846</u>
Governmental activity capital assets, net	<u>\$ 1,135,950</u>	<u>\$ 2,134,796</u>	<u>\$ --</u>	<u>\$ 3,270,746</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 126,740
Support Services	62,219
Cocurricular activities	<u>17,609</u>
Total depreciation expense-governmental activities	<u>\$ 206,568</u>

Business-type activities:

Capital assets, being
depreciated:

Machinery and Equipment	<u>\$ 143,283</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 143,283</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>25,727</u>	<u>9,043</u>	<u>--</u>	<u>34,770</u>
Total accumulated Depreciation	<u>25,727</u>	<u>9,043</u>	<u>--</u>	<u>34,770</u>
Total capital assets, being depreciated, net	<u>114,556</u>	<u>(9,043)</u>	<u>--</u>	<u>108,513</u>
Business-type activity capital assets, net	<u>\$ 114,556</u>	<u>\$ (9,043)</u>	<u>\$ --</u>	<u>\$ 108,513</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

6. LONG-TERM LIABILITIES:

A summary of changes in long-term debt follows:

	Balance 7/01/08	Increases	Decreases	Balance 6/30/09	Amount Due Within One Year
Governmental Activities:					
Qualified Zone Academy Bonds	\$ 268,768	\$ 250,000	\$ 35,929	\$ 482,839	\$ 62,007
Financing (Capital Acquisition)					
Leases	377,278	1,989,357	168,731	2,197,904	188,889
Early Retirement	52,931	--	52,931	--	--
Compensated Absences	35,115	5,045	3,401	36,759	5,000
	<u>\$ 734,092</u>	<u>\$ 2,244,402</u>	<u>\$ 260,992</u>	<u>\$ 2,717,502</u>	<u>\$ 255,896</u>

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

The district maintains an early retirement plan for any teacher or administrator who has been employed by the School District for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. This plan allows the district to reduce the overall program cost by hiring lower paid employees to replace the higher paid employees. In the fiscal year 2009, no employees received benefits.

Debt Payable at June 30, 2009 is comprised of the following:

Qualified Zone Academy Bonds:

During January 2002, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$325,000. It is a non-interest bearing note. The unstated interest rate is at 3%. Final Payment is December 31, 2015. The Capital Outlay Fund makes payment on this debt.

\$ 325,000

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

6. LONG-TERM LIABILITIES: (CONT'D)

Qualified Zone Academy Bonds:

During July 2003, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$250,000. The unstated interest rate is at 3%. Final payment is November 2013. The Capital Outlay Fund makes payment on this debt.

\$ 250,000

The Qualified Zone Academy Bonds program provides bondholders with a tax credit in lieu of cash interest payments. A Sinking fund deposit agreement was required where by the School District makes annual payments on December 31, of \$18,992 and \$25,000 until December 31, 2015 and November 30, 2013, respectively at which time the bonds will mature and be retired.

Qualified Zone Academy Bonds:

During July 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$250,000. Interest rate is 1.75%. Final payment is November 2018. The Capital Outlay Fund makes payment on this debt.

\$ 250,000

Financing (Capital Acquisition) Leases:

During 2004, the School District entered into a capital lease/purchase agreement totaling \$78,200 for land and a building. The interest rate varies according to the going rate but was calculated at 3.5%. Final maturity of the agreement is July 2011. The Capital Outlay Fund makes payment on this debt.

\$ 40,444

During July 2000, the School District entered into a lease/purchase agreement for an energy management system at a cost of \$1,474,123. The School District funded \$400,000 out of the Capital Outlay Fund with the remaining balance of \$1,074,123 put on a ten-year lease agreement at 6% interest. Final maturity of the agreement is May 1, 2010. The Capital Outlay Fund makes payment on this debt.

\$ 138,315

During 2008, the School District entered into a capital lease/purchase agreement totaling \$49,093 for computers. The interest rate is imputed 4.3%. Final maturity of the agreement is October 2013. The Capital Outlay fund makes payment on this debt.

\$ 40,084

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

6. LONG-TERM LIABILITIES: (CONT'D)

During 2009, the School District entered into a capital lease/purchase agreement totaling \$1,821,716 for energy conservation measures taken at the school. The interest rate is 6.13%. Final maturity of the agreement is January 7, 2024. The Capital Outlay fund makes payment on this debt.

\$1,821,716

During FY09, the School District entered into a capital lease/purchase agreement totaling \$167,641 for energy conservation measures taken at the school. The interest rate is 4.57%. Final maturity of the agreement is July 10, 2015. The Capital Outlay fund makes payment on this debt.

\$ 157,345

Compensated Absences

\$ 36,759

The purchase price at the commencement of the financing (capital acquisition) leases were:

Principal	\$ 3,190,773
Interest	<u>1,446,427</u>
 TOTAL	 <u>\$ 4,637,200</u>

The annual requirements to amortize the Qualified Zone Academy Bonds and capital lease/purchase agreements outstanding at June 30, 2009, are as follows:

	Qualified Zone Academy Bonds		Capital Lease/ Purchase Agreement		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	25,000	4,375	188,889	128,143	346,407
2011	25,000	3,937	137,993	118,389	285,319
2012	25,000	3,500	124,186	110,906	263,592
2013	25,000	3,062	131,345	103,747	263,154
2014	275,000	2,625	127,804	96,167	501,596
2015-2019	450,000	6,563	655,699	365,264	1,477,526
2020-2024	--	--	831,988	146,594	978,582
	<u>\$ 825,000</u>	<u>\$ 24,062</u>	<u>\$ 2,197,904</u>	<u>\$ 1,069,210</u>	<u>\$ 4,116,176</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

7. OPERATING LEASE:

The District entered into an agreement to lease computers for a five (5) year period. The yearly payment is \$27,614. The agreement does offer an option to purchase at any time at the fair market value of the computers. Payments are made from the Capital Outlay Fund. The minimal rental payments are follows:

<u>Year</u>	<u>Amount</u>
2010	27,614
2011	27,614

8. INTERFUND BALANCES AND ACTIVITY:

Transfers to/from other funds at June 30, 2009, consist of the following:

<u>\$ 7,253</u>	Transfers from the other governmental funds to the General Fund for income earned on deposits.
<u>\$13,840</u>	Transfer from General Fund to the Food Service fund for to cover operations not covered by revenues.
<u>\$43,992</u>	Transfer from the Capital Outlay Fund to the Debt Service Fund to deposit money towards paying off the Qualified Academy Zone Bonds after their term is complete.

9. RESTRICTED NET ASSETS:

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	Law	\$ 749,411
Special Education	Law	312,196
Pension	Law	73,294
Food Services	Federal Regulations	<u>88,662</u>
Total Restricted Net Assets		<u>\$ 1,223,563</u>

10. DESIGNATED FUND BALANCES:

As authorized by SDCL 13-11-2, the school board has determined that a year-end minimum unreserved fund balance of \$467,255 is necessary to protect the school district's cash liquidity from July 1, through mid-November of the subsequent fiscal year. This amount is reported as Unreserved Fund Balance Designated for Cash Flow Funding in the affected funds.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

11. PRIOR PERIOD ADJUSTMENT:

The beginning net assets for the governmental funds have been restated to correct an in error in the government wide financial statements. Qualified Academic Zone Bonds received by the school in prior years were incorrectly reported on the previous statements. The June 30, 2008 net assets were overstated by \$103,211.

12. RETIREMENT PLAN:

All employees, except for non-contracted staff, participate in the South Dakota Retirement System, (SDRS) a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South

Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution and to also make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for Social Security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2009, 2008, and 2007 were \$185,917, \$179,687, and \$167,161 respectively, equal to the required contributions each year.

13. CONSORTIUM INFORMATION:

The School District participates in the North Central Perkin's Consortium for the purpose of providing educational services to the member school districts. The members of the consortium are as follows with each member district having a determined allocation:

Hitchcock-Tulare School District No. 56-6	Conde School District No. 56-1
Highmore-Harrold School District No. 34-1	Doland School District No. 56-2
Faulkton Area School District No. 24-3	Redfield School District No. 56-4
Gettysburg School District No. 53-1	Clark School District No. 12-2
Miller Area School District No. 29-3	Bowdle School District No. 22-1
Wolsey-Wessington School District No. 2-6	Hoven School District No. 53-2
Roslyn School District No. 18-2	Webster School District No. 18-4

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

13. CONSORTIUM INFORMATION: (CONT'D)

The vocational instructors from each participating school district request funds which are approved by the state. Any allocation of and spending of funds is also approved by the state. The Redfield School District acts as the fiscal agent for this consortium.

Financial data for this venture is available from the Redfield School District. At June 30, 2009, this venture had no fund equity and no long-term debt.

14. RISK MANAGEMENT:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2008, the School District managed its risks as follows:

Employee Health Insurance

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The District pays \$438 towards a single premium for ten and twelve month non-certified staff, \$440 towards a full single for certified staff and full single, two-party or family for administrative staff. The deductible rates are as follows: \$200, \$500, and \$1,000 for single and \$400, \$1,000, and \$2,000 for family.

The plan also provides 80/20 co-pay on the next \$2,500. The lifetime maximum is \$2,000,000. The pool purchases reinsurance coverage with the premiums it receives from the members. The School District does not carry additional health insurance coverage to pay claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

The School District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident, which

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

14. RISK MANAGEMENT: (CONT'D)

Liability Insurance (cont...)

could result in a claim being made by or against the School District. The School District pays an annual premium to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The school district pays an annual premium to the pool to provide coverage for: General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, Loss Fund - Liability & Property, Employee Practices Liability, Property and Boiler & Machinery, Crime, and Excess Liability.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided to a \$1,900,000 limit for General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, and Employee Practices. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The school district carries a \$2,500 maintenance deductible for Loss Fund - Liability & Property coverage and \$500 and \$1,000 member deductible for the Property and Boiler & Machinery coverage.

The school district does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workman's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool, which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, of behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The school district may also be responsible for additional assessments in the event the

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

14. RISK MANAGEMENT: (CONT'D)

Workman's Compensation

pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance, which covers up to \$1,000,000 per individual per incident.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has equity in the Internal Service Fund in the amount of \$14,357 for the payment of future unemployment benefits.

During the year ended June 30, 2009, \$945 in claims for unemployment benefits were paid. At June 30, 2009, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 699,000	\$ 699,000
Prior Years' Ad Valorem Taxes	10,000	10,000
Tax Deed Revenue	20,000	20,000
Gross Receipts Taxes	7,500	7,500
Penalties and Interest on Taxes	3,200	3,200
Tuition and Fees:		
Regular Day School Tuition	2,000	2,000
Earnings on Investments and Deposits	50,000	50,000
Cocurricular Activities:		
Admissions	29,000	29,000
Rentals	2,000	2,000
Other Activity Income	5,950	5,950
Other Revenue from Local Sources:		
Rentals	5,000	5,000
Charges for Services	-	-
Other	50,375	50,375
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	25,000	25,000
Revenue in Lieu of Taxes	-	-
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	2,225,000	2,225,000
Revenue from Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid Received from Federal Government Through the State	199,122	199,122
Other Federal Revenue	41,000	41,000
Total Revenue	3,374,147	3,374,147

ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)	
\$	824,862	\$	125,862
	7,317		(2,683)
	-		(20,000)
	45,817		38,317
	2,683		(517)
	2,600		600
	8,864		(41,136)
	30,902		1,902
	1,927		(73)
	5,950		-
	4,825		(175)
	31,696		31,696
	56,453		6,078
	31,388		6,388
	202		202
	1,981,361		(243,639)
	354,582		155,460
	41,500		500
	3,432,929		58,782

REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Expenditures:		
Instruction:		
Regular Programs:		
Elementary	1,002,453	1,005,131
High School	1,216,602	1,217,262
Special Programs:		
Educationally Deprived	108,434	108,434
Support Services:		
Support Services-Pupils:		
Attendance and Social Work	9,279	9,279
Guidance	101,699	101,699
Health	39,114	39,114
Support Services - Instructional Staff:		
Improvement of Instruction	34,095	34,095
Educational Media	161,602	162,066
Support Services - General Administration:		
Board of Education	47,795	49,290
Executive Administration	152,126	153,193
Support Services - School Administration:		
Office of the Principal	114,319	115,435
Other	2,000	2,000
Support Services - Business:		
Fiscal Services	100,191	103,650
Operation and Maintenance of Plant	432,756	472,322
Pupil Transportation	211,629	213,728
Internal Services	6,000	6,000
Cocurricular Activities:		
Male Activities	55,155	59,686
Female Activities	33,959	34,331
Transportation	16,912	17,355
Combined Activities	39,917	45,222
Contingencies	75,000	75,000
Amount Transferred		(63,255)
Total Expenditures	3,961,037	3,961,037
Excess of Revenue Over (Under) Expenditures	(586,890)	(586,890)
Other Financing Sources (Uses):		
Transfers In	-	-
Transfers Out		
Total Other Financing Sources (Uses):	-	-
Net Change in Fund Balance	(586,890)	(586,890)
Fund Balance - Beginning	1,438,153	1,438,153
Fund Balance - Ending	\$ 851,263	\$ 851,263

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
-------------------------------------	---

969,293	35,838
1,175,960	41,302

152,881	(44,447)
---------	----------

9,278	1
99,532	2,167
33,519	5,595

29,244	4,851
155,685	6,381

45,466	3,824
151,683	1,510

114,448	987
1,898	102

101,023	2,627
459,312	13,010
182,718	31,010
5,450	550

57,622	2,064
32,701	1,630
9,668	7,687
37,781	7,441

-	75,000
---	--------

-	(63,255)
---	----------

3,825,162	135,875
-----------	---------

(392,233)	194,657
-----------	---------

7,253	7,253
(13,840)	(13,840)

(6,587)	(6,587)
---------	---------

(398,820)	188,070
-----------	---------

1,438,153	-
-----------	---

\$ 1,039,333	\$ 188,070
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REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 580,000	\$ 580,000
Prior Years' Ad Valorem Taxes	3,000	3,000
Penalties and Interest on Taxes	1,500	1,500
Earnings on Investments and Deposits	-	-
Revenue from Local Sources:		
Rentals	-	-
Other	7,250	7,250
Revenue from Intermediate Sources:		
Revenue in Lieu of Taxes	-	-
Revenue from Federal Sources:		
Restricted Grants-in-Aid Received from Federal Government Through the State	498	498
Other Federal Revenue	-	-
Total Revenue	592,248	592,248
Expenditures:		
Instruction:		
Regular Programs:		
Elementary	107,743	108,033
High School	120,643	120,643
Support Services - Instructional Staff:		
Educational Media	13,050	13,050
Support Services - Business:		
Facilities Acquisition and Construction Services	187,382	191,699
Operation and Maintenance of Plant	75,800	80,819
Pupil Transportation	70,000	70,000
Internal Services	38,000	38,000
Debt Services	204,850	204,850
CoCurricular Activities		
Male Activities	12,280	12,280
Total Expenditures	829,748	839,374
Excess of Revenue Over (Under) Expenditures	(237,500)	(247,126)
Other Financing Sources (Uses)		
Transfers Out	-	-
General Long Term Debt Issued	237,500	237,500
Total Other Financing Sources	237,500	237,500
Net Change in Fund Balances	-	(9,626)
Fund Balance - Beginning	537,443	537,443
Fund Balance - Ending	\$ 537,443	\$ 527,817

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
-------------------------------------	--

\$	656,521	\$	76,521
	3,167		167
	1,471		(29)
	4,190		4,190
	3,334		3,334
	6,110		(1,140)
	222		222
	498		-
	-		-
	675,513		83,265

	102,472		5,561
	115,082		5,561
	10,140		2,910
	2,126,769		(1,935,070)
	75,304		5,515
	51,970		18,030
	37,864		136
	249,460		(44,610)
	12,280		-

	2,781,341		(1,941,967)
--	-----------	--	-------------

	(2,105,828)		(1,858,702)
--	-------------	--	-------------

	(48,182)		(48,182)
	2,239,357		2,001,857

	2,191,175		1,953,675
--	-----------	--	-----------

	85,347		94,973
--	--------	--	--------

	537,443		-
--	---------	--	---

\$	622,790	\$	94,973
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REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 230,000	\$ 230,000
Prior Years' Ad Valorem Taxes	1,300	1,300
Penalties and Interest on Taxes	500	500
Tuition and Fees:		
Earnings on Investments and Deposits	-	-
Other Revenue from Local Sources:		
Charges for Services	-	-
Other	-	-
Revenue from Intermediate Sources:		
Revenue in Lieu of Taxes	-	-
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	496,300	496,300
Revenue from Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid Received from Federal Government Through the State	208,327	208,327
Other Federal Revenue	19,607	19,607
Total Revenue	956,034	956,034
Expenditures:		
Instruction:		
Special Programs:		
Programs for Special Education	893,574	911,133
Support Services:		
Support Services - Pupils:		
Guidance	2,993	2,993
Health	4,177	4,177
Psychological	38,400	38,400
Student Therapy Services	25,000	25,000
Support Services - Special Education:		
Administration Costs	163,580	163,580
Transportation Costs	6,200	8,145
Other Special Education Costs	127,969	134,925
Total Expenditures	1,261,893	1,288,353
Excess of Revenue Over (Under) Expenditures	(305,859)	(332,319)
Other Financing Sources (Uses):		
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	(305,859)	(332,319)
Fund Balance - Beginning	395,090	395,090
Fund Balance - Ending	\$ 89,231	\$ 62,771

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
-------------------------------------	--

\$	262,647	\$	32,647
	1,305		5
	622		122
	2,579		2,579
	20,700		20,700
	173		173
	89		89
	586,500		90,200
	194,246		(14,081)
	-		(19,607)
	1,068,861		112,827
	827,572		83,561
	2,968		25
	3,624		553
	44,505		(6,105)
	-		25,000
	161,026		2,554
	7,625		520
	134,869		56
	1,182,189		106,164
	(113,328)		218,991
	(2,579)		(2,579)
	(2,579)		(2,579)
	(115,907)		216,412
	395,090		-
\$	279,183	\$	216,412

REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
PENSION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 58,700	\$ 58,700
Prior Years' Ad Valorem Taxes	300	300
Penalties and Interest on Taxes		
Earnings on Investments and Deposits	-	-
Revenue from Intermediate Sources:		
Revenue in Lieu of Taxes	-	-
Total Revenue	59,000	59,000
Expenditures:		
Instruction:		
Regular Programs:		
Elementary	52,733	56,494
High School	7,330	7,891
Total Expenditures	60,063	64,385
Excess of Revenue Over (Under) Expenditures	(1,063)	(5,385)
Other Financing Sources (Uses):		
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	(1,063)	(5,385)
Fund Balance - Beginning	59,708	59,708
Fund Balance - Ending	\$ 58,645	\$ 54,323

ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	
-------------------------------------	--	--	--

\$	65,683	\$	6,983
	325		25
	143		143
	484		484
	23		23
	66,658		7,658

	52,932		3,562
	7,889		2
	60,821		3,564
	5,837		11,222
	(484)		(484)
	(484)		(484)
	5,353		10,738
	59,708		-
\$	65,061	\$	10,738

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

1. BASIS OF PRESENTATION:

The financial statements prepared in conformity with accounting principles generally accepted in the United States of America present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the budgetary Required Supplementary Information Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

2. BUDGETS AND BUDGETARY ACCOUNTING:

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year. The proposed budget is published for public review no later than July 15 each year. Public hearings are held to solicit taxpayer input prior to the approval of the budget. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- b. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (d).
- c. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

2. BUDGETS AND BUDGETARY ACCOUNTING: (CONT'D)

- e. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds.

No encumbrances were outstanding at June 30, 2009.

- f. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- g. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

School Board
Redfield School District No. 56-4
Spink County, South Dakota

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Redfield School District No. 56-4, as of June 30, 2009, and for the year then ended, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 12, 2010. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements as of June 30, 2009, and for the year then ended. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements.

The information in the accompanying schedule has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements.

Harrington & Associates, LTD.

Huron, South Dakota
January 12, 2010

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	AMOUNT FY 2009
U.S. Department of Agriculture:		
Pass-Through the S.D. Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 10,879
Cash Assistance:		
National School Lunch Program (Note 1)	10.555	63,140
Total for Child Nutrition Cluster		<u>74,019</u>
Total U.S. Department of Agriculture		<u>74,019</u>
U.S. Department of Interior:		
Pass-Through Hand County:		
Payments in Lieu of Taxes (Note 1)	15.226	536
Total U.S. Department of Interior		<u>536</u>
U.S. Department of Labor:		
Pass-Through the S.D. Department of Labor:		
WIA Youth Activities	17.259	41,000
Total U.S. Department of Labor		<u>41,000</u>
U.S. Department of Education:		
Pass-Through the S.D. Department of Education:		
Title I Grants to Local Educational Agencies	84.010	130,797
Special Education Cluster:		
Special Education - Grants to States (P.L. 94-142) (Note 1)	84.027	139,159
Special Education - Preschool Grants	84.173	9,185
Vocational Education - Basic Grants to States	84.048	32,753
Special Education - Grants for Infants and Families with Disabilities	84.181	45,902
Safe and Drug-Free Schools and Communities - State Grants (Title IV)	84.186	3,021
State Grants for Innovative Programs	84.298	498
Education Technology State Grants	84.318	1,453
Improving Teacher Quality State Grants	84.367	52,221
State Fiscal Stabilization Fund	84.394	134,337
Total U.S. Department of Education		<u>549,326</u>
GRAND TOTAL		<u>\$ 664,881</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Note 1: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.